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ABSTRACT

This document reviews the work of the Higher Education Coordinating Board of Minnesota during the 1987-88 period, highlights trends and conditions in Minnesota postsecondary education, discusses the major policy issues facing Minnesota, and presents the Board's legislative agenda for 1990-91. Board projects included adoption of a vision statement for postsecondary education and completion of policy studies; adoption of recommendations based on task force reports; reviews and comments on other reports; coordination and cooperation with other organizations; program improvement activities; increased communication and outreach efforts; and internal improvements. A chapter on current conditions uses data from student and parent surveys to document the expectations and aspirations of both groups, participation rates in postsecondary education, student profiles, attainment goals, and enrollment projections. Investment in postsecondary education is also reported. Eight key issues are discussed: quality of higher education; price and cost of higher education; opportunity and choice in higher education; relationship of higher education to the workplace and economic development; public understanding of the role and purposes of higher education; adequate funding for postsecondary education; mission and governance; and strategic planning to ensure access and quality in the future. A list of 15 sources is appended. (JDD)

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MINNESOTA
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BOARD

January 1989

Report To The Governor And The 1989 Legislature

HE 023 642

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Report to the Governor and 1989 Minnesota Legislature

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Vision for Minnesota Post-Secondary Education

Recognizing that education is vital to Minnesota's future, Minnesota public and private post-secondary education promotes the dignity and worth of every individual by providing diverse educational opportunities to those who seek them. Minnesota strives to assure accessible, high quality post-secondary education that results in more effective, productive, contributing citizens in a world of many cultures, rapid change, and unexplored dimensions.

—Minnesota Higher Education Coordinating Board,
August 20, 1987

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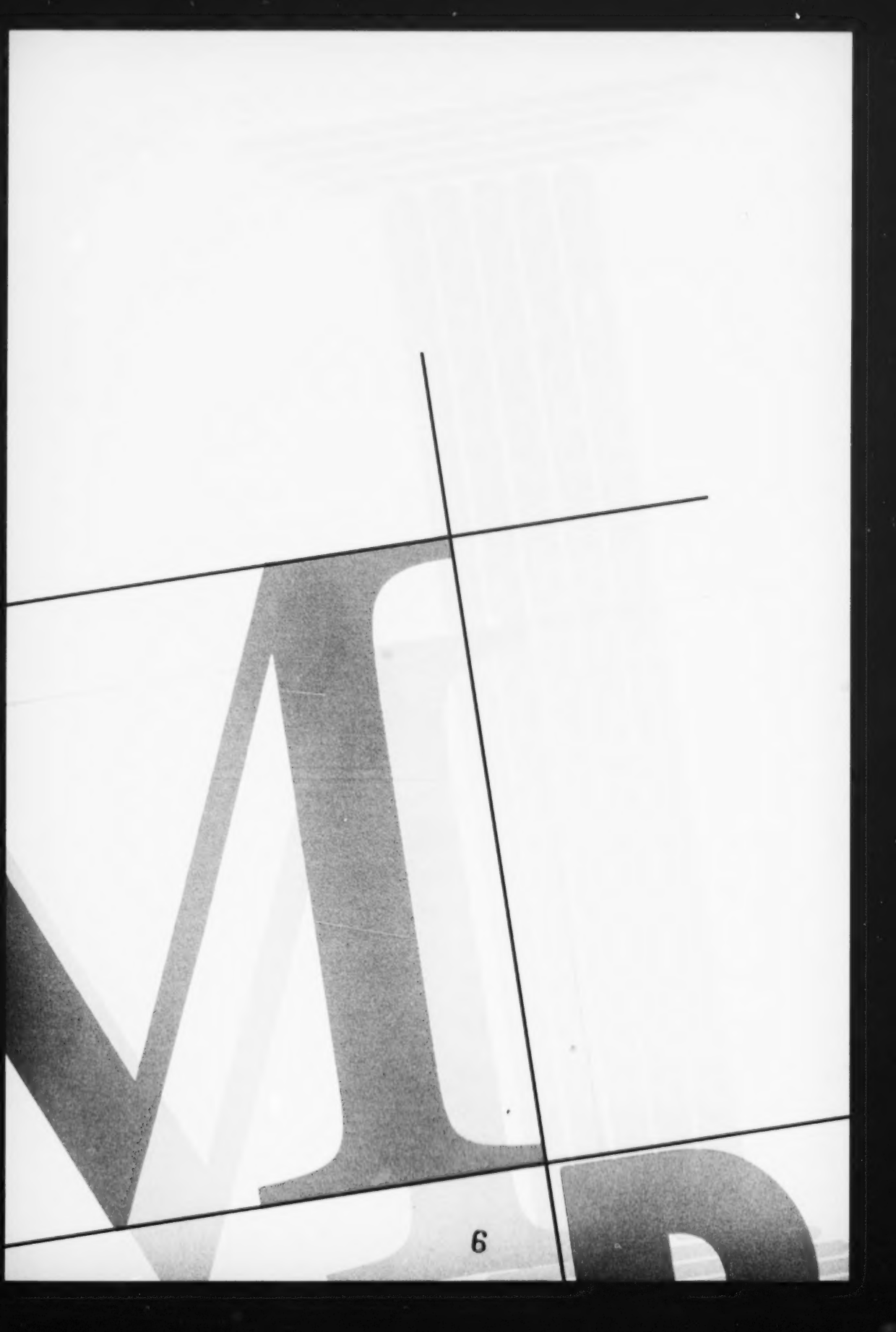


Chapter I. Introduction

This document has several purposes. It reviews the work of the Higher Education Coordinating Board during the past biennium, highlights trends and conditions in Minnesota post-secondary education, discusses the major policy issues facing the state, and presents the Board's legislative agenda for 1990-91.

Other documents provide more detailed information on the topics in this report. A companion technical report provides a detailed presentation of the status of Minnesota post-secondary education, summarizes policy issues studied by the Board during the biennium, and reviews programs administered by the Board. The Board's 1990-91 biennial budget request also contains information on the Board's initiatives.

Further information on the future needs of Minnesota post-secondary education and plans for meeting them can be found in the Coordinating Board's *Review and Comment on System Plans for 1988* and the M SPAN 2000 (Minnesota Study of Post-Secondary Education Access and Needs) report available in February 1989. M SPAN 2000 is the first phase of a legislatively mandated evaluation of Minnesotans' post-secondary education needs through the end of this century. The first phase considers needs of residents in the St. Cloud, Twin Cities, and Rochester corridor. The second phase is to cover remaining regions of the state.

Also available from the Coordinating Board are individual technical and policy studies, and its *1988-91 Management Plan.*

Chapter II. The H E C B: Biennium in Review

To help achieve the state's goals for post-secondary education and to fulfill its mission, the Higher Education Coordinating Board engaged in a variety of projects during the past biennium. The Board studied several issues, adopted policy positions on them, and presented these positions to the governor, legislature, and post-secondary education systems and sectors.

The foundation for these activities was the development and adoption of the vision statement which appears in the preface of this document.

Policy Studies

Policy studies completed during the biennium addressed:

- benefits, costs, and risks of state saving incentive and prepaid tuition plans.
- debt levels and defaults under the Guaranteed Student Loan Program.
- implications of expanding the Graduated Repayment Income Protection Program (GRIP) to graduates of osteopathic medicine, optometry, and other academic areas.
- financing of graduate and professional education.
- ways to assist students in health professions programs in financing their educations.

Several policy studies and projects were underway in fall 1988 and scheduled for completion in early 1989. They address:

- post-secondary education costs.
- needs in the corridor from St. Cloud through the Twin Cities to Rochester.
- instructional technology and telecommunications – task force report.
- feasibility and costs of alternative governance for two-year institutions.
- efficiency and effectiveness of two-year vocational programs.

Task Force Reports

During the biennium, the Coordinating Board staffed several legislatively mandated task forces, reviewed and commented on several of the task force reports, and adopted recommendations based on the reports. These task forces were:

- Average Cost Funding.
- Post-High School Planning Program.
- Common Course Numbering.
- Quality Assessment.
- Instructional Technology.

The Average Cost Funding and Post-High School Planning Program task forces are established by statute. One focus of the Post-High School Planning Program task force was a legislatively mandated study on methods to assist adults who are considering beginning or returning to post-secondary education. A second focus was the selection of ACT to provide the assessment instruments used in the program. The Common Course Numbering Task Force was established by law to explore the feasibility of implementing an improved transfer of credit system. The Quality Assessment Task Force was established by law to determine goals for quality assessment, propose strategies for the state to use in achieving the goals, and establish pilot projects in each system and sector. The Instructional Technology Task Force was established by law to examine the current uses of instructional technology and telecommunications and to develop a statewide policy for these new technologies. The Board also established a task force to monitor the status of engineering programs.

Board staff worked with the Department of Finance on a mandated study on the feasibility of and plan for marketing college savings bonds.

Review and Comment

To provide policymakers with an informed, objective perspective, the Board reviewed and commented on several reports:

- post-secondary education services for the Rochester area.
- systems' short and long range plans.
- Fond du Lac Higher Education Center.
- Higher Education Facilities Authority annual reports.
- Minnesota State University System's report on science and technology program initiatives for the future.

Other Reports

To provide improved understanding of post-secondary education issues, the Board completed several background reports on the following:

- interstate tuition reciprocity trends.
- state-level comparative fiscal data.
- role of post-secondary education in economic development.
- analysis of enrollments with new projections.
- instructional programs with low and decreasing graduates.

Coordination and Cooperation

In addition to promoting cooperation through several task forces, the Board was involved in several significant activities. It:

- convened and participated in the Intersystem Planning Group (representatives of public and private post-secondary education systems and sectors) to monitor mission differentiation and discuss policy issues of mutual concern.
- revised criteria for academic program review based on 1987 amendments to the statute.
- worked with the Higher Education Advisory Council and Student Advisory Council.
- participated in the Minnesota Minority Education Partnership.

The Board also participated in a variety of cooperative efforts such as the Department of Education's Task Force on High School Graduation Standards, the Governor's Education Discussion Group, Minnesota Information Policy Task Force, HIV issue team, child care task forces, Human Services Advisory Council, and the Twin Cities Regional Cable Channel Inc.

Programs

The Board was involved actively in improving several of the programs assigned to it. The Board:

- completed a restructuring of its student loan programs to ensure future student loan capital.
- initiated the Dislocated Rural Workers' Grant Program.
- administered the Enterprise Development Partnership Program and Job Skills Partnership Program.
- implemented a campus-based alternative delivery system for financial aid for state universities.
- increased participation in the Summer Scholarship for Academic Enrichment Program through expanded marketing.
- renegotiated reciprocity provisions with neighboring states.
- negotiated a new contract for administration of the

Post-High School Planning Program.
- continued to administer federal programs such as the Paul Douglas Teacher Scholarship Program and Title II of the federal Education for Economic Security Act Program to improve math and science instruction.

Communications

The Board greatly increased its communication and outreach efforts to provide Minnesotans with a better understanding of policy issues facing post-secondary education and to inform Minnesotans about the range of post-secondary education opportunities and ways to pay for them. The Board:

- began work on the development of an overall communications strategy.
- refined and improved its initiative to provide information to all eighth grade students and surveyed parents of eighth graders to determine what they know, don't know, and want to know about post-secondary education.
- participated in several education fairs, including:

  – Minnesota State Fair.
  – Minnesota Minority Education Fair.
  – Hispanic Education Fair.
  – National College Fair.
  – Adult Education Expo.

- presented workshops throughout Minnesota for high school counselors on financial aid and the Post-High School Planning Program.
- presented a series of workshops on loan default prevention throughout the state for presidents and directors and financial aid administrators of institutions.
- sponsored the annual meeting of education governing boards on quality assessment and planned a January 1989 meeting on the statewide study of post-secondary education needs.
- co-sponsored and presented symposia on financing one's post-secondary education and on the underrepresentation of females and minorities in science and math.
- obtained funding from nonpublic sources to support several activities.
- prepared and published a profile on the total system of Minnesota post-secondary education and each system or sector.
- expanded communication on student financial aid by revising the annual tabloid *Focus on Financial Aid* and producing and distributing three videotapes.
- prepared a manual of post-secondary education information for high school counselors.

Internal Improvements

Support for the Board's policy and program responsibilities was provided in several ways. The Board:

- conducted an extensive search for a new executive director.
- increased productivity by completion of its office automation project and computer upgrade.
- developed a financial aid data base and data base to collect information on characteristics of teacher education students;
- began a project to assess, improve, and integrate data bases.

Chapter III – Current Conditions and Trends

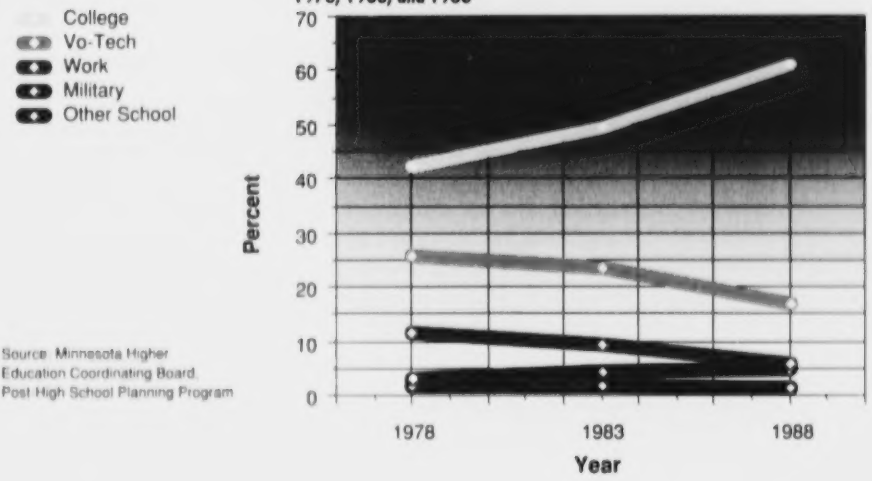
Expectations and Aspirations

Minnesotans place a high value on post-secondary education. Both parents and students have high educational expectations and aspirations.

A survey of parents of eighth grade students by the Coordinating Board in spring 1988 found that 81.5 percent of parents statewide expect their children to attend a post-secondary institution.

Educational aspirations of Minnesota high school students continue to increase. In 1978, 42.5 percent of high school juniors surveyed by the Coordinating Board said they planned to attend college immediately after high school. Ten years later, *as shown in Figure 1*, the percentage had reached 61 percent. The percentage planning to attend a vocational-technical school declined from 25.9 percent to 16.8 percent between 1978 and 1988 while the percentage planning to work immediately after high school fell from 11.8 percent to 6.0 percent.

Figure 1.
Post High School Plans, Minnesota High School Juniors
1978, 1983, and 1988



Source: Minnesota Higher Education Coordinating Board, Post High School Planning Program

High school juniors express varying interest in the different post-secondary education systems and sectors, *as shown in Table 1*. Between 1978 and 1988, interest increased in private colleges from 9.0 percent to 11.9 percent, in state universities from 9.7 percent to 13.3 percent, and in non Minnesota institutions from 8.9 percent to 14.1 percent. Interest in public technical institutes decreased from 28.1 percent to 14.6 percent. Meanwhile, interest in the University of Minnesota grew from 15.6

percent to 16.9 percent between 1978 and 1983, then fell to 14.9 percent in 1988. Interest in community colleges increased from 7.3 percent to 7.8 percent between 1978 and 1983, and then dropped to 6.8 percent in 1988.

Table 1.
Minnesota High School Juniors First Choice Post-Secondary Education Institution 1978, 1983, and 1988

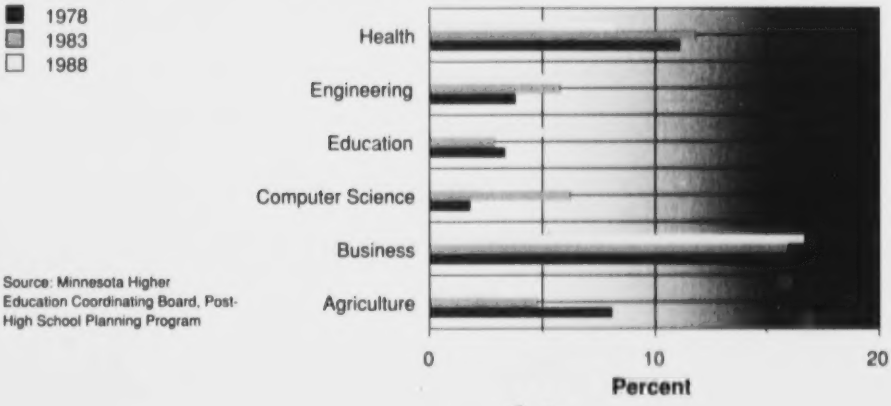
System	1978	1983	1988
University of Minnesota	15.6%	16.9%	14.9%
Private College	9.0	10.0	11.9
State University	9.7	11.4	13.3
Community College	7.3	7.8	6.8
Technical Institute	28.1	23.5	14.6
Other Minnesota Schools	3.5	4.9	4.2
Non Minnesota Schools	8.9	10.8	14.1
Undecided	NA	NA	10.7
Not Planning to Attend	17.9	13.9	9.0

Source: Minnesota Higher Education Coordinating Board, Post-High School Planning Program

The growing interest in post-secondary education extends to adults who are considering beginning or continuing their education.

Business is the most popular planned field of study; in 1988, 16.7 percent of respondents to a Board survey selected this field, *as illustrated in Figure 2.* Interest in agriculture fell from 8.1 percent in 1978 to 3.1 percent in 1988. Interest in education increased from a low of 2.9 percent in 1983 to 5.1 percent in 1988, and interest in engineering increased from 3.8 percent in 1978 to 6.0 percent in 1988.

Figure 2.
Minnesota High School Juniors, Planned Field of Study, 1978, 1983, and 1988



Source: Minnesota Higher Education Coordinating Board, Post-High School Planning Program

Participation

High aspirations translate into high completion rates from high school and high participation rates in post-secondary education.

Minnesota has the highest high school graduation rate in the United States, 91.4 percent, far above the national average of 71.5 percent.

An estimated 89 percent of Minnesota high school graduates enroll in some form of post-secondary education, either full-time or part-time, within six years of completing high school.

Post-secondary education has been a booming enterprise in Minnesota during the past 15 years, despite decreases in the numbers of high school graduates. Between fall 1972 and fall 1987, headcount enrollment increased by 47 percent, from 159,566 to 234,652, *as shown in Figure 3.* Enrollment grew by 24 percent between 1977 and 1987, and 9.5 percent between 1982 and 1987. Over the 15 years, headcount enrollment increased 46.4 percent in public institutions and 49.9 percent in private institutions. The relative share of students in public institutions, 80 percent, and private institutions, 20 percent, has remained relatively stable, *as shown in Figure 4.* Fall 1988 headcount enrollment increased 4 percent over 1987, according to preliminary figures.

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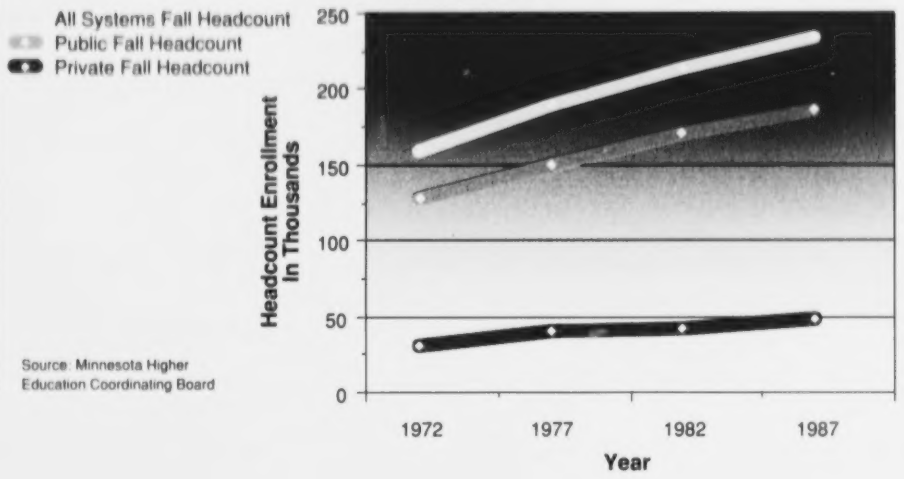
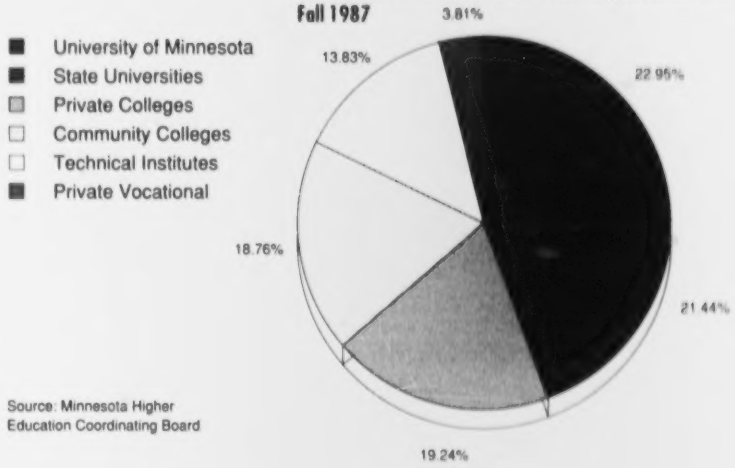
Figure 3.
On Campus Headcount Enrollment, Public & Private Post-Secondary Education Systems
1972, 1977, 1982, and 1987



Source: Minnesota Higher Education Coordinating Board

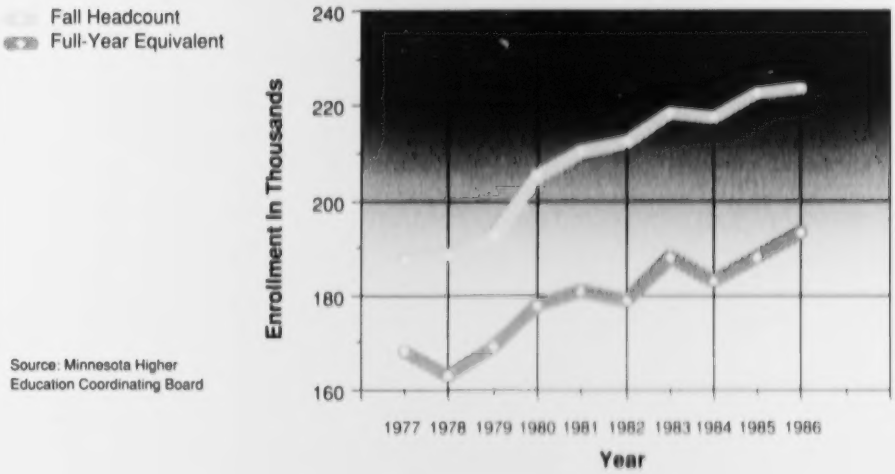
Figure 4.
Distribution of Minnesota Post-Secondary Education Headcount Enrollment Fall 1987



Source: Minnesota Higher Education Coordinating Board

During the past 10 years, full-year equivalent (FYE) enrollments, like headcount enrollments, have grown substantially.* Between 1977 and 1986, fall headcount enrollment increased 19 percent, from 188,483 to 224,327, while FYE increased by 14.6 percent, from 168,846 to 193,478. Between 1982 and 1986, headcount enrollment increased by 5.2 percent, while FYE increased by 7.7 percent, *as seen in Figure 5.*

Figure 5.
Fall Headcount and Full-Year Equivalents, 1977-1986



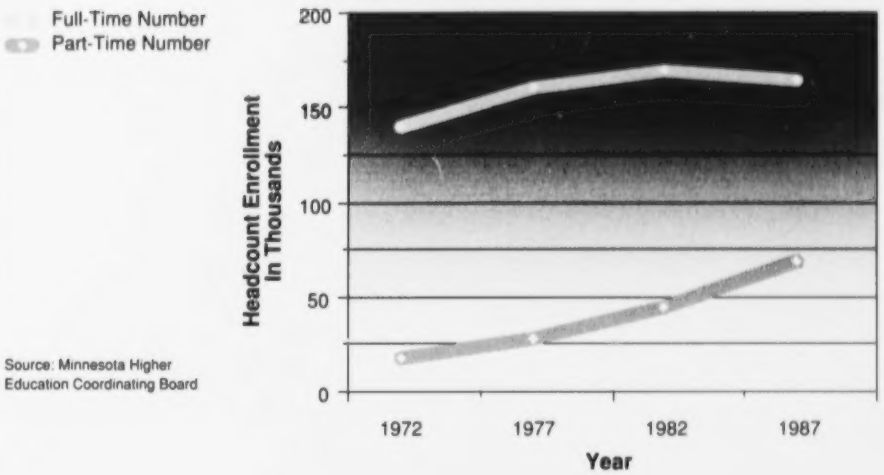
Source: Minnesota Higher Education Coordinating Board

* Full-year equivalent enrollments represent the most accurate measure of instructional volume at an institution. State funding to institutions is based on FYE enrollments. Headcount enrollment represents the number of students on campus, including those attending full-time and part-time. FYE enrollment counts are calculated by dividing the total number of credit hours generated in that year by the normal full-time credit hour load at an institution. Average daily memberships (ADM) are counted for public technical institutes. They are based on clock hours of instruction. One ADM receives 1,050 hours of instruction.

Student Profile

The composition of the student body has changed considerably over the past 15 years. Part-time enrollment has increased substantially, accounting for much of the overall growth. Part-time enrollment made up 11.7 percent of total headcount enrollment in 1972, and 29.8 percent in 1987. Between 1972 and 1987, full-time enrollment grew 16.9 percent, from 140,918 to 164,746, while part-time enrollment increased by 274.9 percent, from 18,648 to 69,906. Between fall 1982 and 1987, full-time enrollment declined by 3.2 percent, while part-time enrollment grew by 58.6 percent, *as seen in Figure 6.*

Figure 6.
Full-Time & Part-Time On Campus Headcount Enrollment, All Systems 1972, 1977, 1982, and 1987



Source: Minnesota Higher Education Coordinating Board

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Participation in post-secondary education by women increased steadily over the past decade, reaching a high of 52.5 percent in fall 1987. Females have accounted for more than 50 percent of total fall headcount enrollment since 1979, *as shown in Figure 7.* Between 1977 and 1987, the number of females increased by 46.6 percent, from 83,952 to 123,048 while enrollment of males increased by 28.6 percent, from 86,634 to 111,426. Between 1982 and 1987, female enrollment increased by 26 percent, while male enrollment was up by 16.2 percent.

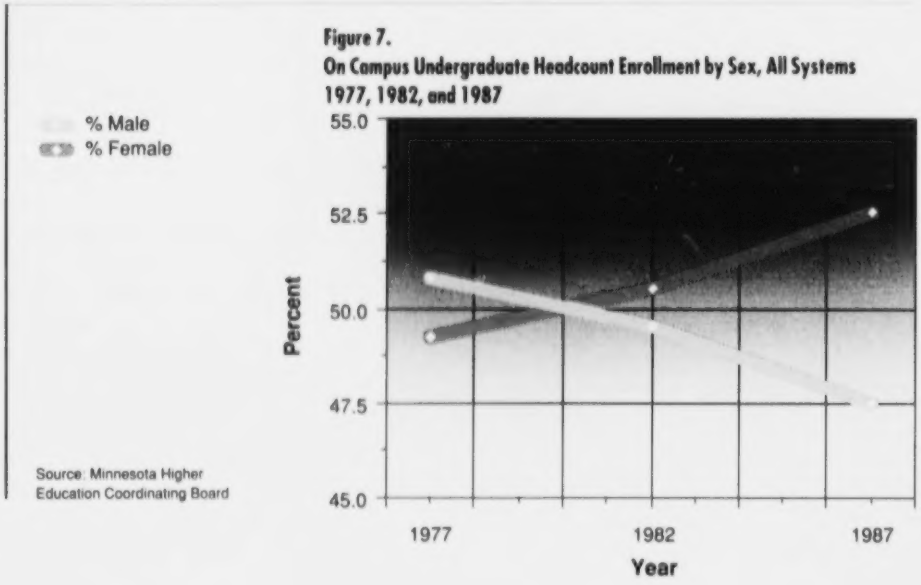

Figure 7.
On Campus Undergraduate Headcount Enrollment by Sex, All Systems 1977, 1982, and 1987

Source: Minnesota Higher Education Coordinating Board

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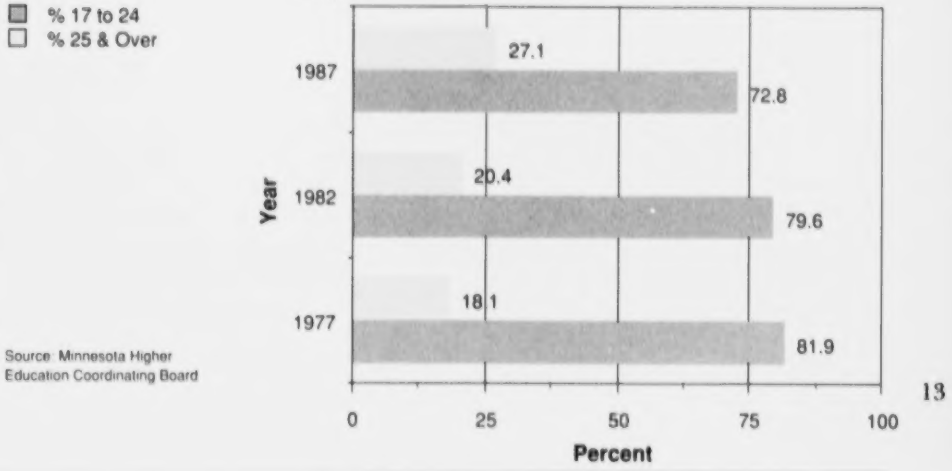
The proportion of older students enrolling in Minnesota post-secondary education has increased dramatically, another factor contributing to the overall growth. In 1977, 24,889 undergraduate collegiate students, or 18.1 percent of the total, were 25 or older; in 1987, 45,923, or 27.1 percent, were 25 or older, *as illustrated in Figure 8.* Over the past 10 years, the percentage of collegiate students 25 and over increased by 84.5 percent. The number of students over 25 who enrolled in regular public technical institute programs between fall 1980 and 1987 increased by 90 percent, from 6,313 to 12,020. In addition, in fall 1987, extension enrollments totaled approximately 19,000 at the University of Minnesota, 3,500 at the state universities, and 53,000 at technical institutes. A large share of these students was over 25.

Enrollment of students 17 and under has been growing recently as a result of the Post-Secondary Enrollment Options Program, which began in 1985-86. The program allows high school juniors and seniors to enroll tuition free at post-secondary institutions. Enrollment in the options program, *as indicated in Table 2,* totaled 3,671 the first year and was estimated to be more than 5,000 in 1987-88, according to preliminary figures from the State Department of Education.

Figure 8.
Age Distribution of On Campus Collegiate Undergraduate Students, All Systems 1977, 1982, and 1987



Source: Minnesota Higher Education Coordinating Board

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Table 2.
Post-Secondary Enrollment Options Program

Post-Secondary Inst.	1985-86	1986-87	1987-88 *
Technical Institutes	368	501	757
Community Colleges	1810	1884	2289
State Universities	639	568	666
University of Minnesota	623	855	1564
Private Institutions	231	250	291
Total	**3671**	**4058**	**5567**

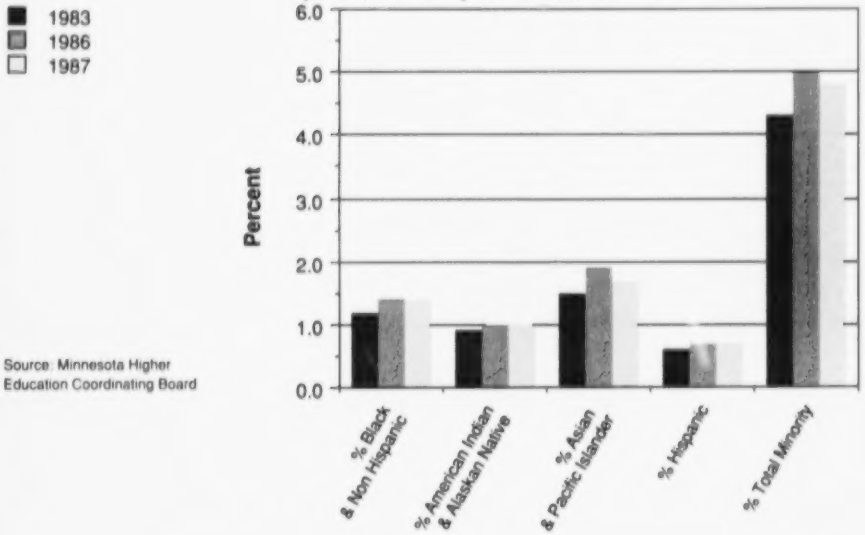
Source: Minnesota Department of Education

* Preliminary Figures

Enrollment of minority students increased by 19.3 percent between fall 1983 and fall 1987 while total enrollment grew 7 percent. Minority enrollment as a percentage of total enrollment increased from 4.3 percent in 1983 to 5.0 percent in 1986, but dropped to 4.8 percent in 1987, *as seen in Figure 9.* Between 1983 and 1987, enrollment increases were 22.8 percent for blacks, 16.2 percent for American Indians, 19.2 percent for Asian Pacific Islanders, and 17 percent for Hispanics.

Slightly more residents leave the state to attend post-secondary institutions than come into Minnesota. National data show that 10,946 first-time freshmen left Minnesota in fall 1986 to enroll in higher education institutions while 9,895 came to Minnesota.

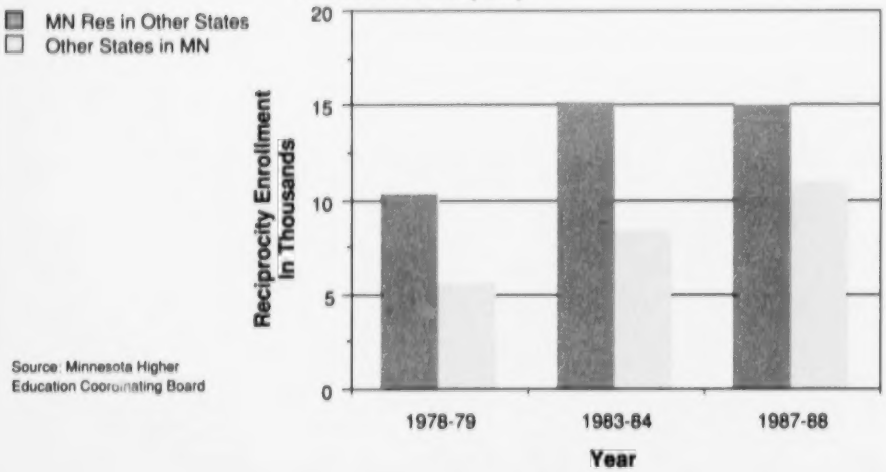
Figure 9.
Percent of Total Headcount Enrollment by Racial/Ethnic Groups 1983, 1986, and 1987



Source: Minnesota Higher Education Coordinating Board

Overall participation in tuition reciprocity programs by students from the Dakotas, Wisconsin, Minnesota, and Iowa increased by 9,919 students, or 62 percent, between 1978-79 and 1987-88. In 1978-79, 10,374 Minnesota residents attended eligible institutions in reciprocity states while 5,640 reciprocity state residents enrolled in Minnesota schools, *as shown in Figure 10.* Preliminary estimates for 1987-88 show that 15,022 Minnesota residents enrolled in reciprocity state institutions and 10,911 reciprocity state students enrolled in Minnesota schools. The net outflow from Minnesota to neighboring states declined by 623 students during the decade.

Figure 10.
Interstate Tuition Reciprocity



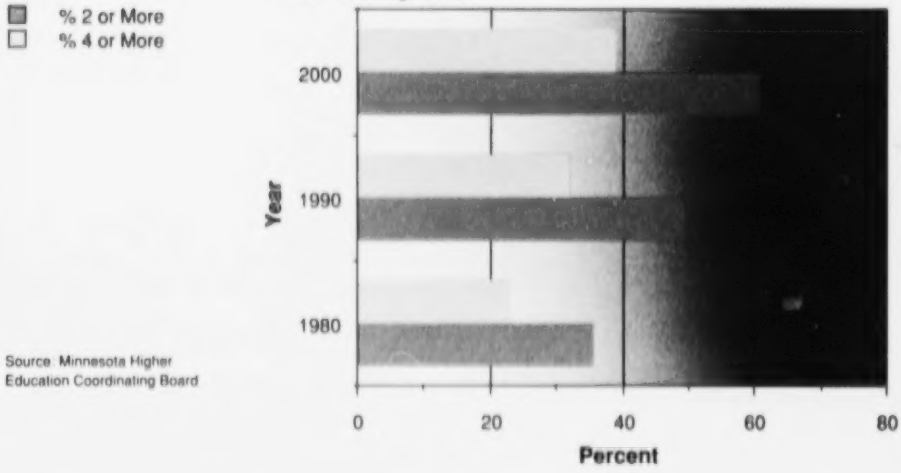
Source: Minnesota Higher Education Coordinating Board

Attainment

In his January 1987 State of the State address, Governor Rudy Perpich set a goal that 50 percent of the workforce by the year 2000 achieve an education two years beyond high school, and 35 percent complete four years of college.

This goal is within reach, according to Coordinating Board projections. In 1980, 36 percent of the state's labor force between the ages of 25 and 64 had at least two years of college education, and 23 percent had at least four years, *as shown in Figure 11.*

Figure 11.
Alternative Projected Levels of College Education Among Minnesota's Labor Force Ages 25-64



Source: Minnesota Higher Education Coordinating Board

Under the most optimistic of four projections by Coordinating Board staff, 61 percent of the workforce will have two or more years of college by the year 2000, and 39 percent will have four or more years. The data, however, may understate educational attainment levels because the figures don't take into account many persons who attend post-secondary vocational schools nor do they consider job-related training of employees which may be at a comparable level to post-secondary education.

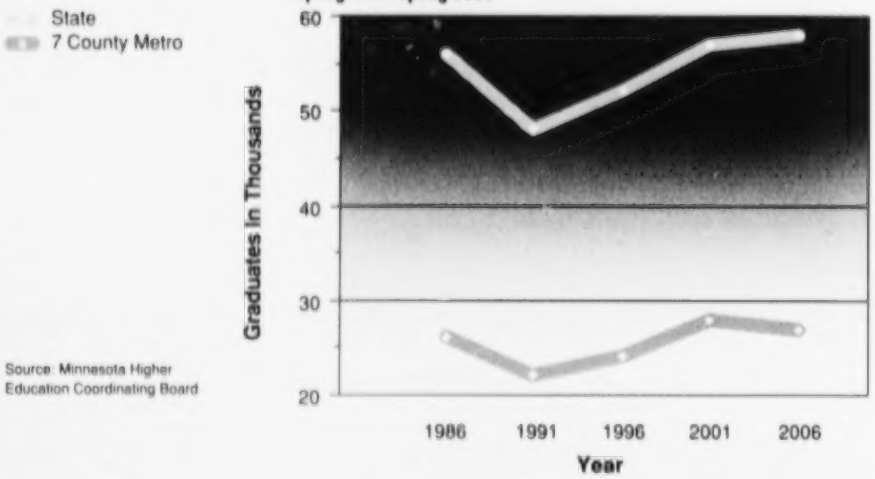
Enrollment projections

The enrollment growth of the past decade occurred despite a decrease in the number of high school graduates. The number of high school graduates peaked at 72,660 in 1978, then declined by 22.7 percent to 56,149 in 1986.

Despite the unexpected enrollment growth, the decrease in numbers of new high school graduates is expected to produce a drop in total post-secondary enrollments during the first half of the 1990s.

The number of high school graduates is projected to drop another 13.3 percent from 56,149 in 1986 to 48, 650 in 1991, and then increase to 58,062 by the year 2006, *as seen in Figure 12.* Numbers of high school graduates will vary by region of the state.

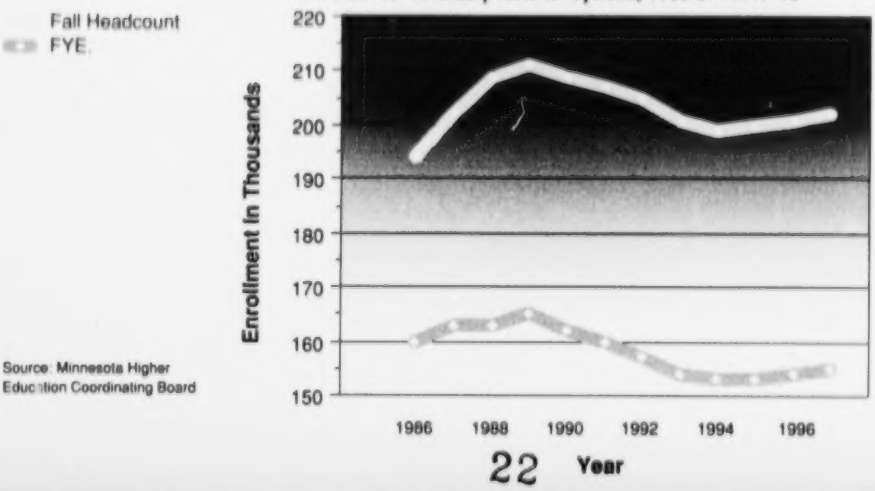
Figure 12.
Projections of High School Graduates by Region
Spring 1987-Spring 2006



Source: Minnesota Higher Education Coordinating Board

Total public post-secondary enrollments, *as noted in Figure 13,* will increase until 1989-90, decrease until 1994-95, and then grow gradually, according to Coordinating Board projections.

Figure 13.
Projections of Total Fall Headcount and Full-Year Equivalent Enrollments for Public Post-Secondary Education Systems, 1986-87–1997-98



Source: Minnesota Higher Education Coordinating Board

Total headcount in the four public systems is projected to increase by 7,559, from an estimated 202,725 in 1987-88 to 210,284 in 1989-90; decrease by 5.6 percent, to 198,452 in 1994-95; and increase by 1.5 percent to 201,373 in 1997-98. Total full-year equivalent enrollments are projected to increase by 1.2 percent, from an estimated 163,166 in 1987-88 to 165,184 in 1989-90, decrease by 7.2 percent, to 153,348 in 1994-95, and then increase by 1.2 percent to 155,246 in 1997-98.

Community Colleges

Enrollment changes are projected to be different in the four public systems. Community college headcount enrollments are projected to increase by 10.6 percent, from 45,711 in 1987-88 to 50,542 in 1992-93 before beginning to decline slightly. FYE enrollments in the system are projected to remain relatively stable.

State Universities

State University System headcount enrollments are projected to increase by 13 percent, from 52,257 in 1987-88 to 59,071 in 1991-92 before reaching a low of 56,282 in 1994-95. FYE enrollments are projected to follow a similar pattern of growth and decline, increasing by 7.1 percent from 48,416 in 1987-88 to 51,861 in 1991-92, and then decreasing to 49,001 in 1994-95.

University of Minnesota

University of Minnesota headcount enrollment, due in part to planned reductions under Commitment to Focus, is decreasing and will continue to do so until the mid-1990s. Headcount is projected to drop by 12.8 percent, from 55,929 in 1987-88 to 48,786 in 1994-95 before starting to increase again. FYE enrollments will follow a similar pattern, falling by 12.1 percent, from 56,033 in 1987-88 to a low of 49,253 in 1995-96.

Technical Institutes

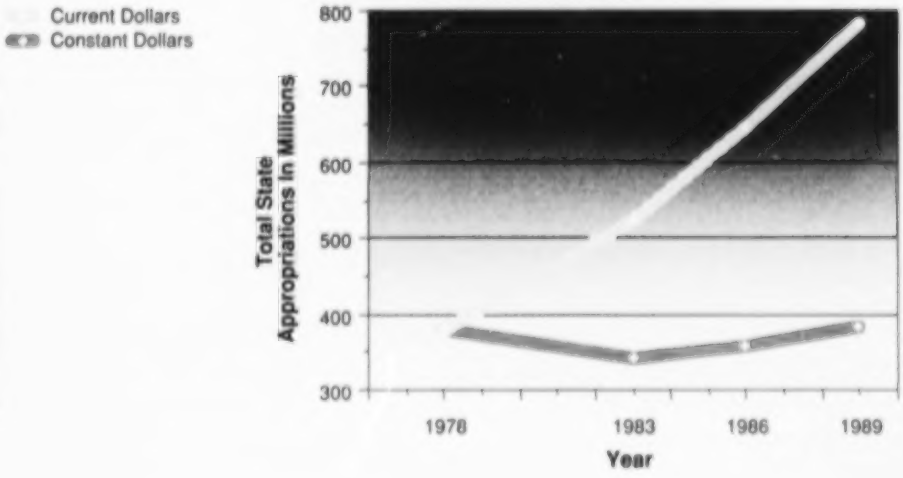
Enrollment in the Technical Institute System is projected to decrease by 8.2 percent, from 48,833 in 1987-88 to 44,834 in 1995-96. Full-time enrollment is projected to decrease by 8.7 percent, from approximately 31,125 in 1987-88 to 28,426 in 1994-95. Technical institute enrollments, however, increased by 4.4 percent in fall 1988, exceeding projections.

Investment

The state's overall investment in post-secondary education has increased significantly since 1978; the impact, however, has been diminished greatly by the need to serve record numbers of students and by the effects of inflation.

Between Fiscal Years 1978 and 1989 (estimated), total General Fund expenditures increased by 121.5 percent, from $482.8 million to $1.069 billion. General Fund expenditures included in the state budget for the four public systems are supported by appropriations, tuition and fee revenue, and miscellaneous sources. Total state appropriations increased by 107.3 percent during the period, from $379 million to $785.8 million. In constant dollars, however, the increase was 1.4 percent, *as shown in Figure 14.*

Figure 14.
Total State Appropriations for Minnesota Public Systems, Fiscal Years 1978, 1983, 1986, and 1989 *



Instructional expenditures increased by 128.9 percent, from $381.2 million to $872 million. Increased reliance has been placed on tuition revenue to support instruction, *as indicated in Table 3.* In the University of Minnesota, tuition revenue supported 28.5 percent of instructional expenditures in 1978, but increased to 36.2 percent in 1986. In the State University System, the percentage increased from 23.1 percent in 1978 to 34.4 percent in 1986. Similarly, the percentage in the Community College System increased from 24.2 percent in 1978 to more than 34 percent in subsequent years. In the Technical Institute System, the percentage was 9.1 percent in 1978, the first year tuition was charged, and it is expected to be about 26 percent in Fiscal Year 1989.

Table 3.
Tuition Revenue As a Percentage of Instructional Expenditures Fiscal Years, 1978, 1983, 1986, and 1989

Post-Secondary Inst.	1978	1983	1986	1989 *
University of Minnesota	28.5%	34.4%	36.2%	33.2%
State University System	23.1	28.5	34.4	36.1
Community College System	24.2	34.3	34.1	35.6
Technical Institute System	9.1	17.3	22.3	26.3

Source: Minnesota Department of Finance

* 1989 estimated

The increased reliance on tuition resulted from efforts by the systems to recoup losses in appropriations during the state's fiscal crises of the early 1980s, and the implementation of a policy in 1983 that increased tuition rates significantly and related tuition to the cost of instruction.

Due largely to a 16.3 percent increase in full-time enrollment between 1978 and 1989 and the two-year lag in funding enrollment growth under the state's policy of supporting public post-secondary systems, average instructional expenditures per full-time student, adjusted for inflation, have decreased in three of the four systems between 1978 and 1989. Average instructional expenditures per student in constant dollars decreased by 9.0 percent in the State University System, 7.6 percent in the Community College System, and 2.9 percent in the Technical Institute System between 1978 and 1989, *as seen in Table 4.* Instructional expenditures per student increased by 7.9 percent in the University of Minnesota System, which had reduced enrollments.

Table 4.
Average Instructional Expenditures Per Full-Year Equivalent Student Current & Constant Dollars for Minnesota Public Systems, Fiscal Years 1978, 1983, 1986, and 1989 *

System	1978		1983		1986		1989		Constant Dollar
	Current	Constant	Current	Constant	Current	Constant	Current	Constant	Percent Change From 1978
University of Minnesota	$2956	$2956	$4120	$2686	$5349	$2970	$6521	$3190	7.9%
State University System	2149	2149	2953	1925	3859	2143	3996	1955	-9.0%
Community Colleges	1790	1790	2335	1522	3150	1749	3181	1654	-7.6%
Technical Institutes	2567	2567	3745	2442	4654	2584	5094	2492	-2.9%

Source: Minnesota Department of Finance

* 1989 estimated

Average constant dollar instructional expenditures per student decreased substantially between 1978 and 1983, a period of fiscal crises, in all four systems. These decreases, however, were reversed between 1983 and 1986 following implementation of the state's new financing policies. Between 1986 and 1989, expenditures per student decreased in all but the University of Minnesota System as enrollments increased rapidly.

To help offset tuition increases for needy students, the state, as part of its financing policies, has dramatically expanded funding for financial aid. Between Fiscal Years 1983 and 1989, funding for state grant and work programs increased by 95 percent, from $34.8 million to $67.9 million. In constant dollars, the increase was 57 percent, *as shown in Figure 15.*

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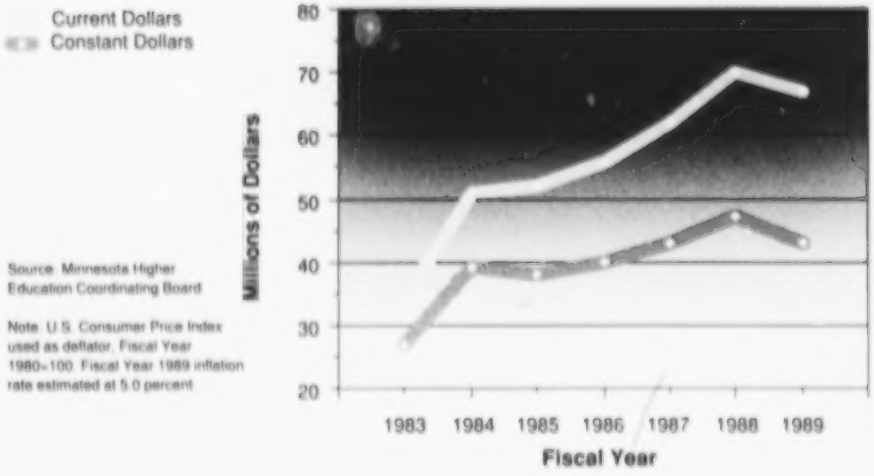
Figure 15.
State Appropriations for Student Assistance in Current & Constant Dollars, Fiscal Years 1983-1989

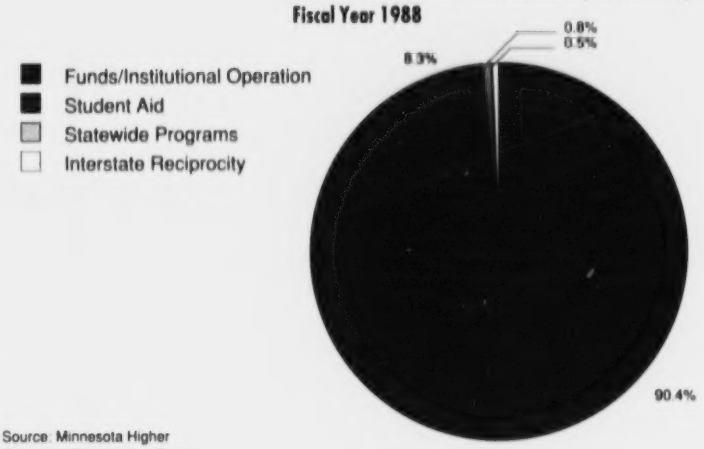


Source: Minnesota Higher Education Coordinating Board

Note: U.S. Consumer Price Index used as deflator. Fiscal Year 1980=100. Fiscal Year 1989 inflation rate estimated at 5.0 percent

Of the $817 million appropriated in Fiscal Year 1988 for post-secondary education, 90.4 percent funded operations in the four public systems, while 8.3 percent funded student financial aid, *as seen in Figure 16.* The remaining funds supported statewide programs and coordination such as the Coordinating Board, the Minnesota Interlibrary Telecommunications Exchange (MINITEX), and interstate tuition reciprocity.

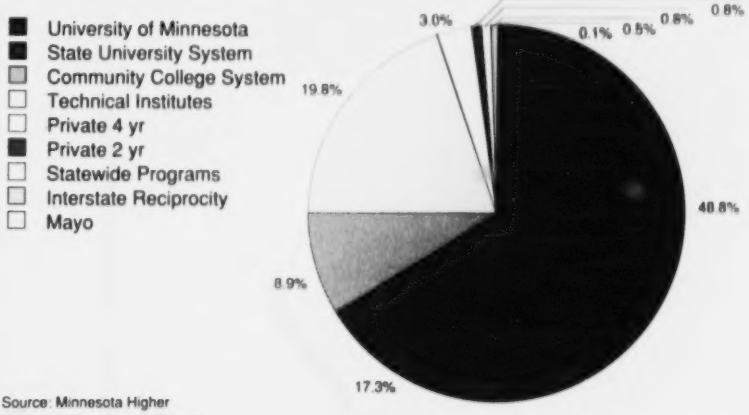
Figure 16.
Relative Investment in Post-Secondary Education by Function
Fiscal Year 1988



Source: Minnesota Higher Education Coordinating Board

When both appropriations for institutional operations and allocations for financial aid are included, *as shown in Figure 17*, the distribution is as follows: University of Minnesota, 48.8 percent; State University System, 17.3 percent; Community College System, 8.9 percent; Technical Institute System, 19.8 percent; private four-year colleges, 3.0 percent; private two-year institutions, 0.8 percent; Mayo Medical School, 0.1 percent; statewide programs and coordination, 0.8 percent; and interstate reciprocity 0.5 percent.

Figure 17.
Distribution of State Appropriations for Institutional Operation and Financial Aid by System, Fiscal Year 1988



Source: Minnesota Higher Education Coordinating Board

Chapter IV. Issues

The Coordinating Board's statement of vision for Minnesota post-secondary education ties the state's future vitality to education. To fulfill the vision, the post-secondary education community and policymakers need to resolve several significant issues.

Five key public interest issues were identified by the Council for Advancement and Support of Education in 1988 following extensive research.
They are:

- quality of higher education.
- price and cost of higher education.
- opportunity and choice in higher education.
- relationship of higher education to the workplace and economic development.
- public understanding of the role and purposes of higher education.

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The issues of concern nationally also constitute an important agenda for students, parents, alumni, faculty, opinion leaders, decision makers, and the news media in Minnesota.

Three additional issues must be considered in Minnesota in 1989 in order to resolve the five public interest issues. They are:

- adequate funding for post-secondary education.
- mission and governance.
- strategic planning to ensure access and quality in the future.

This chapter summarizes the eight issues.

Quality

Continued efforts to enhance access must be balanced with a commitment to strengthening quality.

Nationally, the criticism leveled at elementary and secondary education during the 1980s has been directed at post-secondary education. Many persons have charged that graduates don't know and can't do all that a post-secondary education degree should imply. Post-secondary institutions have found it difficult to respond to much of the criticism because, in fact, they have not always established clear goals and ways to assess how well students are meeting the goals. Educators and policymakers in virtually every state are addressing issues of assessment and assurance of quality in post-secondary education with the emphasis on what a student knows and can do as a result of a post-secondary education.

Minnesota post-secondary education is in the midst of an effort, mandated by the 1987 Legislature, to plan pilot quality

assessment projects in each system and sector. The results of the pilot approaches are to be used by the campuses in an ongoing effort to assess educational outcomes in order to improve teaching and learning, and to demonstrate to the state the results of its investment in post-secondary education.

In 1989, the post-secondary education community and policymakers need to:

- *assure that the commitment to quality is sustained as resources to serve increasing numbers of students with a diversity of needs are stretched; and*
- *provide adequate support to implement pilot quality assessment projects because initial state support and coordination will encourage the post-secondary systems to develop and evaluate various approaches and share the results with other campuses.*

Price and Cost

Concerns have been raised in recent years about post-secondary institutions' costs of providing instruction, and about rising tuition rates. Measures have been proposed to contain costs. Policies and programs to ensure the affordability of post-secondary education have emerged.

The issue of cost and price is a complex topic of concern to students and families, institutions, governing boards, and federal and state decisionmakers. It often is clouded by misperceptions. The issue requires an understanding of the distinction between price and cost and the relationship between the two. Further, it requires an understanding of the differences between public and private post-secondary education and of state and system policies.

Price is what students are charged as tuition and fees. Cost is the actual expenses an institution incurs to provide instruction and includes expenditures for direct and support programs. Minnesota's tuition policy for public post-secondary education relates price to the cost of providing instructional services, specifies reasonable sharing of costs between the state and students, and treats all collegiate students and systems equitably.

The cost-related tuition policy is one of three components of the state's financing policies. Average cost funding is used to suggest state appropriation levels for each public post-secondary education system; the policy relates state funding for each system to the number of students served and the system's cost of serving those students. The direct appropriation to each of the three collegiate systems is to equal 67 percent of the estimated cost of instruction; for the technical institutes it is at least 67

percent. Remaining needs for instruction are to be met by tuition and other revenue sources. The third component is the Design for Shared Responsibility, which targets assistance to students with financial need.

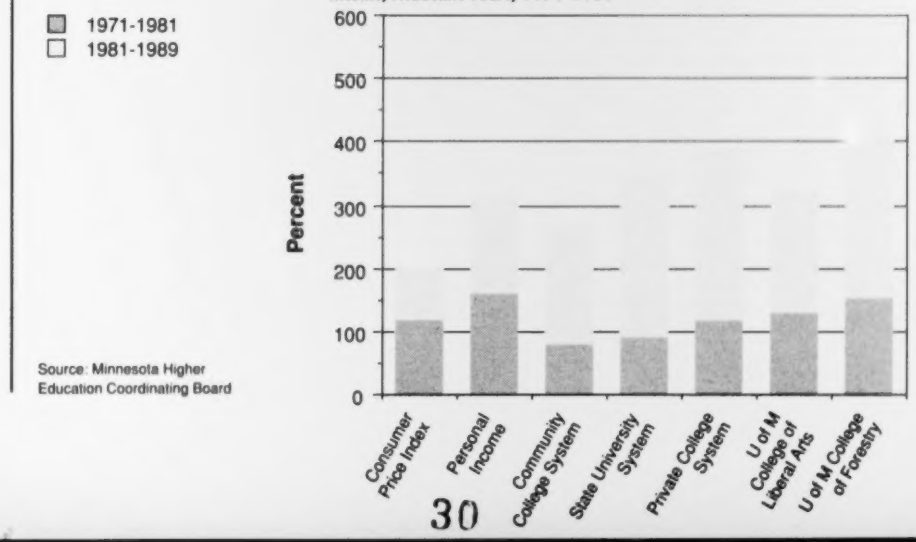
Of great concern to students and parents is whether they will be able to afford post-secondary education now and in the future.

The findings of an analysis of trends in tuition and fees depend on the years examined, *as illustrated in Figure 18*

- Between 1981 and 1989, tuition and fee increases generally exceeded increases in per capita income. During the period, Minnesota per capita income increased by 60.7 percent; however, tuition and fees rose by 84.9 percent in the University of Minnesota's College of Liberal Arts, 105.1 percent in the University's College of Forestry, 133.5 percent in the State University System, 104.9 percent in the Community College System, 249.9 percent in the Technical Institute System, and 122.9 percent in the private colleges.

- Between 1971 and 1989, per capita income rose 315.7 percent; tuition and fees increased 323.0 percent in the College of Liberal Arts, 415.9 percent in the College of Forestry, 347.2 percent in the State University System, 269.7 percent in the Community College System, and 390.1 percent in the private colleges. The technical institutes did not charge tuition for state residents over the age of 21 until 1979.

Figure 18.
Percent Increase in Undergraduate Resident Tuition and Required Fees Compared to the Consumer Price Index and Minnesota Per Capita Personal Income, Academic Years, 1971-1989



Source: Minnesota Higher Education Coordinating Board

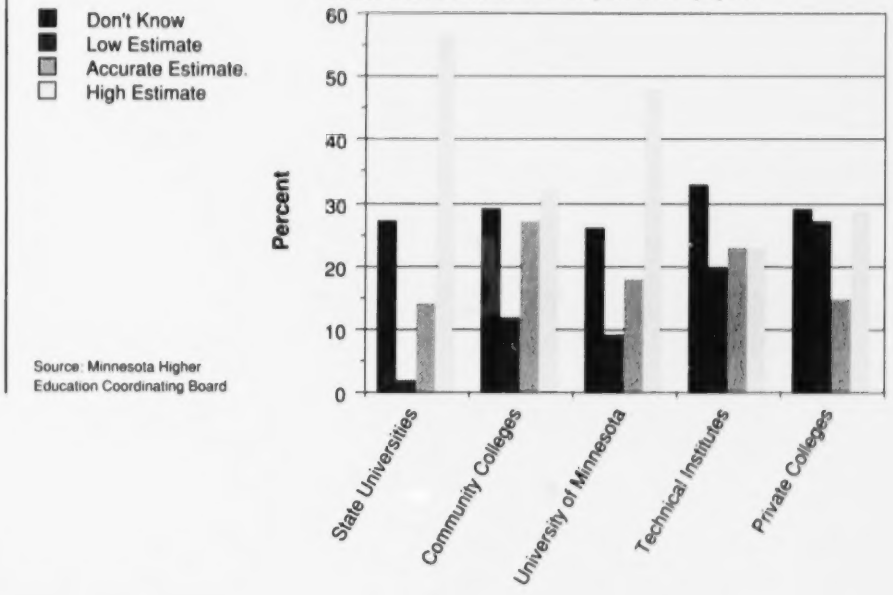
As indicated earlier, the significant increases in tuition during the mid-1980s were the result of system price increases to offset appropriations reductions during the state's fiscal crises and the implementation of new finance polices that relied more heavily on tuition as a revenue source. Since 1987, however, tuition increases have moderated.

While there is reason for concern about price trends, other factors affect the ability of students to afford post-secondary education.

- All students at state institutions benefit from a state subsidy which allows institutions to keep tuition lower than charged at unsubsidized schools.
- Further, the analysis does not consider what is called the net price—the amount students and families actually pay after considering financial aid and other discounts. As shown in the next section, Minnesota has instituted polices that remove price barriers for students with financial need.

Nevertheless, many students and parents have misperceptions about tuition and fees and financial aid. A Coordinating Board survey of parents of eighth grade students found that eight of ten parents were unable to estimate accurately the cost of post-secondary education on average. Almost 38 percent of respondents overestimated the costs, *as shown in Figure 19.*

Figure 19.
Estimates of Cost of Post-Secondary Education by System



Source: Minnesota Higher Education Coordinating Board

National studies have resulted in similar conclusions. Most recently, a Gallup poll found that most young Americans think a college education costs three times as much as it actually does. While this has not deterred most of them from selecting careers that require a college degree, one in four high school students either has ruled out or is uncertain about attending college. Many cite cost—not lack of interest or ability—as a key factor preventing them from pursuing a degree.

In 1989, the post-secondary community and policymakers need to:

- *review trends in prices and costs and their interrelationships (the Coordinating Board in December received a staff study documenting trends in tuition and costs);*
- *consider whether the implications of trends suggest an evaluation of the state's finance policies; and*
- *consider ways to help students and parents plan ahead to meet future prices through either state saving incentive programs or the provision of good information, or both.*

Opportunity and Choice

A fundamental state goal is to help ensure that all residents, regardless of their economic situation, have an equal opportunity to pursue a post-secondary education that can best meet their educational needs. This requires policies that remove price barriers for students and families with financial need, that inform them of their options and how to prepare for and pursue them, and that meet the distinctive needs of certain populations.

Financial Access

While it has never been easy for some Minnesotans to pursue post-secondary education, it is possible as a result of the state's Design for Shared Responsibility policy, and strong support for financial aid. Further, current evidence shows that tuition increases have not eroded access to post-secondary education in Minnesota.

Minnesota's student financial aid policy, adopted in 1983 as part of the state's integrated set of financing policies, targets assistance to students from families that need the most help to afford the costs of attending a post-secondary institution.

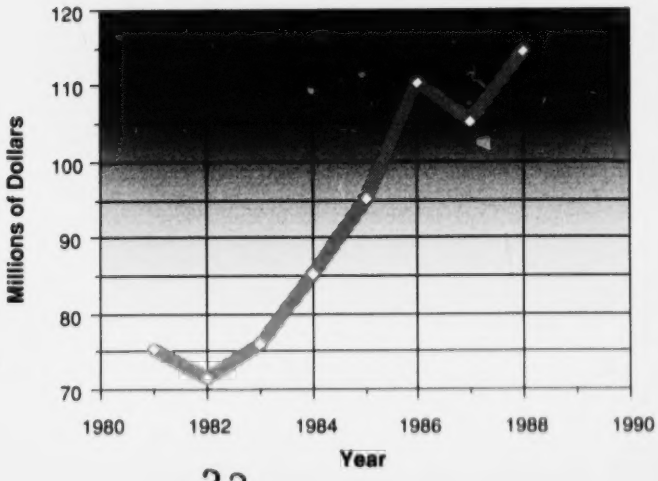
In Fiscal Year 1988, slightly over 50 percent of State Scholarship and Grant awards went to students with family incomes under $20,000, 27 percent went to students with family incomes between $20,000 and $29,999, and the rest went to students or parents with family incomes over $30,000.

The policy assigns specific responsibilities for paying the costs of attendance (tuition, fees, living, and miscellaneous items) to the student, parents, and government. All applicants are required to contribute 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost of attendance is met by contributions from parents, as determined by a nationally recognized need analysis, and by the combination of federal Pell Grant and State Scholarship and Grant awards.

Despite perceptions that financial aid has declined in the 1980s, the facts are that:

- Between Fiscal Years 1983 and 1988, spending under the State Scholarship and Grant Program increased by 165 percent, from $24.3 million to $64.5 million. The number of awards increased by 52 percent, from 41,053 to 62,237.
- Between Fiscal Years 1983 and 1988, federal Pell Grant awards to students in Minnesota post-secondary education increased by 70 percent, from $50 million to $85 million. Between 1981 and 1988, financial aid in Minnesota under the major federal programs increased by 52 percent, from $75.4 million to $114.6 million *as shown in Figure 20.*
- During the 1980s, Minnesota gained national prominence both for its model public policy and its high rankings in support of needy undergraduate students. In Fiscal Year 1988, Minnesota ranked sixth nationally in the number of awards for undergraduates, eighth in total payments, and fifth in dollars per undergraduate student. Between Fiscal Years 1983 and 1988, Minnesota had the eighth largest percentage increase in total dollars awarded by any state.

Figure 20.
Federal Financial Aid in Minnesota Post-Secondary Education *
Fiscal Years 1981-1988



Source: U.S. Department of Education, Minnesota Higher Education Coordinating Board

* Includes Pell Grant, Supplemental Educational Opportunity Grant, College Work-Study, State Student Incentive Grant, and capital contributions to campuses for Perkins Loans.

Also, during the 1980s Minnesota was one of the first states to provide assistance to part-time students, and to implement a state supplemental loan program (Student Educational Loan Fund-SELF).

And Minnesota further provides access through its reciprocal tuition programs with Wisconsin and the Dakotas.

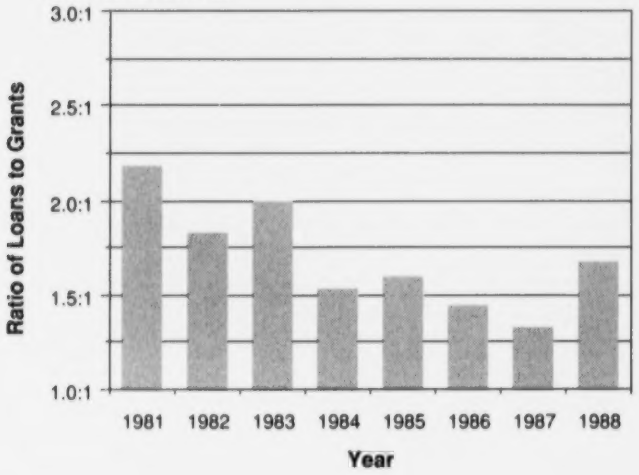
Nevertheless, there has been growing concern about rising debt levels. Between Fiscal Years 1983 and 1988, borrowing in Minnesota under the federal Guaranteed Student Loan Program (Stafford Student Loan Program), the State Student Educational Loan Fund (SELF), and the federal Parent Loans for Undergraduate Students (PLUS) and Supplemental Loans for Students (SLS) programs, increased by 61 percent, from $168.5 million to $270.8 million. Between 1987 and 1988, borrowing increased by 34.4 percent, from $201.5 million to $270.8 million.

A study of debt levels and defaults prepared for the Coordinating Board in 1988 concluded that excessive borrowing is not a major problem for most Minnesota students under the federal Guaranteed Student Loan Program. Although debt burden was not examined, the data suggest that it is not a problem for most students.

While national data point to large increases in the proportion of student aid provided through loans, this has not been the case in Minnesota. Between Fiscal Years 1983 and 1987, the ratio of loan to grant dollars declined from 2.00:1 to 1.33:1 before rising to 1.67:1 in Fiscal Year 1988, *as seen in Figure 21.* Thus, in Fiscal Year 1983, two dollars in loans were provided to students for every grant dollar. By Fiscal Year 1988, however, the ratio had declined substantially because increased funding for state and federal grants outpaced increases in student borrowing.*

* The figures represent the ratio of federal Title IV (excluding Perkins Loans) and the Student Educational Loan Fund loans to students attending Minnesota post-secondary education institutions to Title IV (excluding State Student Incentive Grant) and State Scholarship and Grant and Part-Time Grant Program grants to students attending Minnesota post-secondary education institutions.

Figure 21.
Mix of Loans and Grants in Financial Aid Packages for Minnesota Students
Fiscal Years 1981-1988



Source: Minnesota Higher Education Coordinating Board

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Borrowing at reasonable levels as part of an individual's investment in post-secondary education pays off later. From 1978 to 1987, college-educated young adults, regardless of age or sex, earned more than young adults 25-34 years old with only a high school education, according to U.S. Department of Education data. The earnings gap was greater for those who had completed four or more years of college than for those who had finished up to three years. In 1987, for example, individuals with four or more years of college earned 41 percent more than those with four years of high school, while those with 1-3 years of college earned only 16 percent more.

Provision of Information

In order to benefit from further education, students and families need to know what opportunities are available, that they are affordable, and that financial and academic preparation is expected. The lack of good information could cause people to rule out post-secondary education. Further, the emotional and financial cost to students of having to correct poor education and career decisions based on incomplete or inadequate information is high. And the cost is high to the state when students have to pursue remedial work, lose credits through transfer, or take extra time to complete their educations.

Both national and state studies, however, indicate significant information gaps of students and parents. A Board study of adults considering returning to or beginning post-secondary education in 1987 indicated that their most pressing need is the provision of information, assessment, and counseling services—

particularly neutral and easily accessible contact and referral services.

Access for Special Populations

Providing financial aid and good information is not enough to ensure access to and success in post-secondary education for all citizens. Several particular needs requiring attention in 1989 have been identified—assistance for needy students with dependent children, services for the handicapped, and support to ensure the success of minority students in post-secondary education.

In 1989, the post-secondary education community and legislators need to:

- *continue their long-standing commitment to helping ensure access for students by support for financial aid;*
- *support efforts to provide good information to students and parents to inform them about the price of post-secondary education and academic expectations and encourage them to begin planning early;*
- *revise and improve the child care assistance program for post-secondary students to more effectively meet their needs;*
- *support initiatives to better serve handicapped students; and*
- *support efforts, such as state participation in the Minnesota Minority Education Partnership, to ensure access to and success in post-secondary education by minority students.*

Economic Development

Recent changes in the economy have put increasing pressure on post-secondary educational institutions to make resources available for economic development purposes and to provide direct assistance to businesses in areas of worker training, business development, and research. Key economic influences that have spurred this new interest in educational resources for economic development are:

- the substantial reduction in employment in traditional resource-based economic sectors such as mining, agriculture and forest products.
- the high growth rate of jobs in high technology small businesses
- the trade deficit which often is attributed to the inability of the United States to compete globally in areas of technology transfer and high technology product development.

Government leaders and businesses have looked to post-secondary education institutions to help respond to these changes. Retraining of workers to move from resource-based jobs into high-technology areas is one need. Assistance to entrepreneurs in gaining access to the most recent technical information and business management assistance is another

demand. A third area in which post-secondary institutions have been called on for assistance is focused on the process of technology development and transfer from research institutions to businesses.

In Minnesota, as elsewhere in the nation, post-secondary institutions are looking for appropriate roles in the economic development process and are responding with a variety of new and expanded programs to meet business needs.

The State University System has developed a data base of resources available to businesses at state universities. The state universities also are emphasizing their role in economic development by expanding their capacity to do applied research.

The technical institutes have developed a major initiative to respond directly to business training and retraining needs through customized training programs. They have particularly emphasized their capability to train workers for a high technology working environment.

The community colleges have designated a staff person in each institution to respond to business training needs.

At the University of Minnesota, increasing emphasis has been placed on creating mechanisms to hasten the technology transfer process. A recent example of this type of partnership effort with business is the new Interfacial Engineering Center which received funding from the National Science Foundation.

The creation of the Greater Minnesota Corporation (GMC) has focused additional attention on the role of post-secondary institutions in business development and technology transfer, especially in rural Minnesota. Many post-secondary institutions have joined consortia with businesses and local governments to respond to initiatives and funding opportunities from the GMC in the areas of business assistance, technology transfer, and applied research.

Issues of concern to post-secondary educational institutions in developing programs of direct business assistance revolve around conflicts in mission and purpose between the academic and private sectors. Questions are raised as to the appropriateness of educational institutions being so directly involved in profit making endeavors. A concern is that the fundamental role of public post-secondary education may be weakened in serving the economic development needs.

Minnesota's post-secondary institutions and similar institutions across the country have begun to develop guidelines for

interactions with business, guidelines that cover questions of conflict of interest and commitment, intellectual property rights, and payment for services.

Institutions also have developed new ways to interact with businesses through special centers, research consortia, and technical assistance efforts in partnerships with local, state, or federal government and businesses. As these efforts expand, they compete for resources with more traditional programs within the institution.

As interactions between post-secondary institutions and businesses increase, the Coordinating Board is concerned that the issues of adequacy of resources to effectively serve economic development goals and conflicts of mission between the educational and business sectors be addressed carefully.

To help meet the needs of both post-secondary education and business as relationships develop between them, the Coordinating Board can:

- collect and serve as a clearinghouse for information on post-secondary education institutions and business interaction efforts elsewhere.
- bring together leaders from government, post-secondary education institutions, and industry to explore appropriate and effective means to enhance the transfer of expertise and technology from post-secondary education institutions to business and industry.
- develop policy recommendations to assist legislators in the provision of financial support in the area of post-secondary education/business interaction.
- coordinate institutional activities in the area of post-secondary institution/business interaction to avoid unneccessary duplication of efforts and competition.
- monitor institutional efforts to resolve conflicts of missions among systems.
- assure the maintenance of an appropriate balance among teaching, research, and service as provided by the institutional missions.

In 1989, the post-secondary community and policymakers need to:

- *look at the types of programs that have been developed to respond to economic development needs and try to assess the amount of public and private investment in those efforts; and*
- *examine the issues outlined above and how they can be resolved through study of programs and policies developed nationally and in Minnesota. (The Coordinating Board is planning a symposium in spring 1989 for this purpose).*

Public Understanding of the Role and Purposes of Post-Secondary Education

In order to make judgments about the major issues, the public needs to understand the roles and purposes of post-secondary education—its importance to the future of the nation, the state, and to individuals.

Minnesotans need to understand the total system of post-secondary education, the diversity of systems and institutions, and the relationship of their respective missions.

In order to benefit from post-secondary education, citizens need to understand the array of educational choices available to them if they decide to begin or continue their education beyond high school.

To determine the level of public and private support for post-secondary education, Minnesotans need to understand the results of the investment in post-secondary education.

To enhance public understanding of the role and purpose of post-secondary education, the Coordinating Board has adopted a vision statement that recognizes the importance of a strong post-secondary system to the state's future and articulates the reasons for investing in it. The post-secondary education systems and sectors have increased their efforts to communicate their purposes and accomplishments.

In 1989, the post-secondary education community and policymakers need to:

- *communicate the vision and purposes of post-secondary education to the citizens of Minnesota; and*
- *engage in dialogue to improve understanding of the purposes and needs of post-secondary education.*

Adequate Funding for Post-Secondary Education

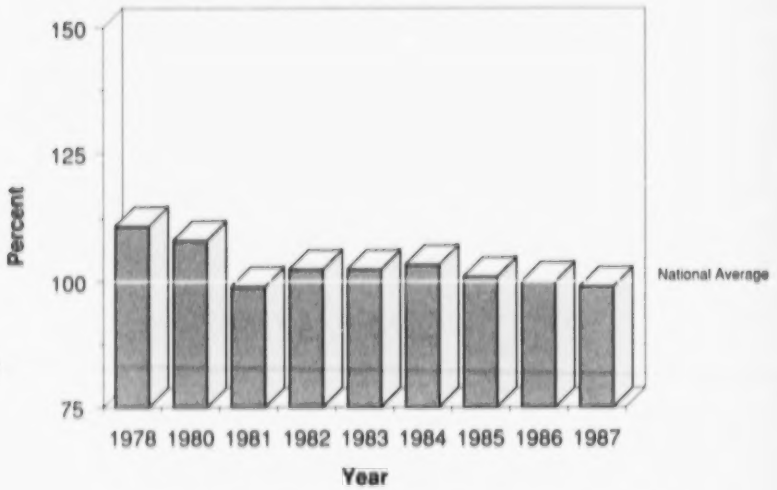
The Coordinating Board's vision for post-secondary education emphasizes the need to strengthen access and quality within the resources that can be made available for post-secondary education.

Minnesota's effort in supporting public post-secondary education ranks above the national average, but because of high enrollments, the state has been able to provide only average levels of support per student.

The state's effort in providing financial support for Minnesota post-secondary education in 1987-88 was 130 percent of the national average, based on a measure that considers the amount of tuition revenue and appropriations provided per student and the possible tax dollars available to spend.

Minnesota's appropriations and estimated tuition revenue, not including appropriations for student financial aid, was $5,340 per student in 1987-88, or 101 percent of the national average. This figure has declined from 11 percent above the national average in 1977-78, *as shown in Figure 22.*

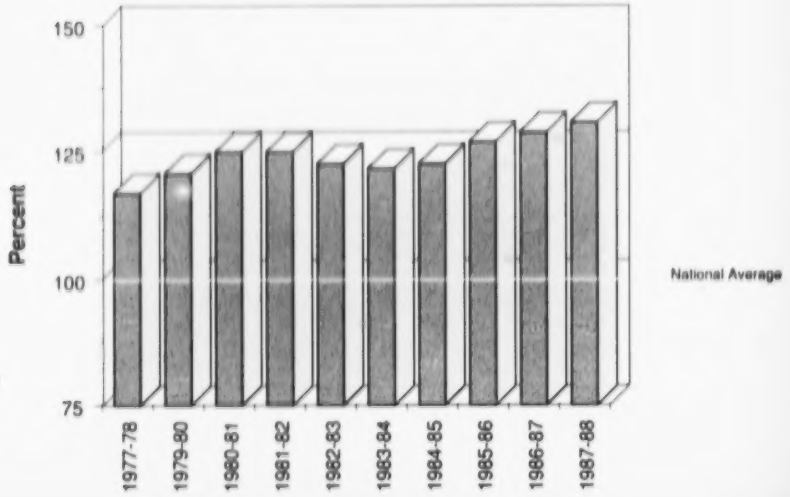
Figure 22.
Appropriations and Estimated Tuition Revenue per Student As Percentage of National Average 1978-1988



Source: Research Associates of Washington

Continued enrollment growth is the main factor affecting the financing levels. Minnesota's annual public full-time equivalent enrollment per 1,000 population was 131 percent of the national average in 1987-88; this increased from 117 percent above the national average in 1977-78, *as seen in Figure 23.*

Figure 23.
Public Enrollment Per 1000 Residents As Percentage of National Average 1978-1988



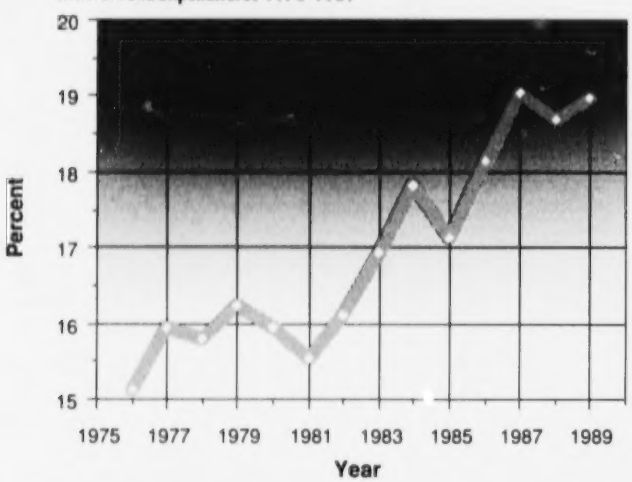
Source: Research Associates of Washington

Given these trends, the public post-secondary systems argue that they are not funded adequately. Some maintain that funding levels have not been adjusted to reflect changes in mission or type of student served. Current funding levels are deemed insufficient to fund desired staffing ratios, needed support services, or equipment and supply purchases.

To support the funding levels proposed by the systems and the Coordinating Board, post-secondary education either will have to receive a greater proportion of the state budget or, if the distribution of expenditures remains the same, the total budget will need to increase substantially to accommodate the needs. Thus, the state's commitment to strengthening access and quality post-secondary education will be tested.

In Fiscal Year 1989, expenditures for post-secondary education constitute approximately 19 percent of the state's general fund expenditures, compared to slightly over 15 percent in Fiscal Year 1976, *as seen in Figure 24.* The increases since Fiscal Year 1984 reflect the state's financing policies for post-secondary education approved by the 1983 Legislature, tuition revenue from increasing numbers of students, and the priority given to education in the allocation of state appropriations.*

Figure 24.
Post-Secondary Education Expenditures as a Percent of Minnesota General Fund Expenditures 1976-1989



Source: Minnesota Department of Finance

* Expenditures for post-secondary education include state appropriations, tuition revenue, and other receipts. Included are expenditures for the four public systems and the Coordinating Board.

In 1989, funding issues will be at the top of agenda. The post-secondary education community and policymakers need to:

- *evaluate the adequacy of state and system funding levels for post-secondary education given continued enrollment growth and a changing student profile;*
- *determine whether the needs demonstrated by post-secondary education, compared to competing demands, merit a larger share of the state budget;*
- *continue to review the state's funding approach for public post-secondary education to determine whether the policies are promoting the intended goals of quality programs, efficient use of resources, and equality of opportunity; and*
- *consider capital and instructional equipment needs and methods of financing them.*

36 **Mission and Governance**

During the past four years, the post-secondary systems, working together, have made significant progress in differentiating their missions in order to better serve students and use limited resources more efficiently. Agreements among systems have been reached on several issues, such as credit transfer and standards for associate degrees and occupational programs. The most visible aspect of mission differentiation has been planning to implement Commitment to Focus at the University of Minnesota.

The challenge in 1989 and beyond is to sustain progress by systems in delineating their roles, implementing agreements, and resolving remaining issues:

- Possible need for state guidelines or agreements on marketing and recruiting; and
- relationship between mission and continuing education and extension.

Continued progress in mission differentiation will require strong state and system-level leadership, cooperation among all affected groups, and strengthened funding.

While continued progress in mission differentiation is critical, broader structural changes may be needed in order to meet the state's goals for post-secondary education.

The Coordinating Board supports strong state-level governance of post-secondary vocational education through a single board for the technical institutes and community colleges. Work in progress, however, may influence future policy positions on governance by the Board and others. By March 1, 1989, the Board will submit to the legislature the results of a

study mandated in 1988 on "the procedures necessary, fiscal implications, and effects of implementing alternative governance arrangements of two-year public two-year institutions."

Other governance alternatives have been proposed, such as merger of state universities and community colleges or a statewide network of comprehensive two-year post-secondary institutions that integrates occupational education with general education. Changes in the University of Minnesota's constitutional autonomy and administrative structures also have been proposed.

In 1989, the post-secondary community and policymakers need to:

- *assess the status of mission differentiation to determine whether its objectives are being met;*
- *understand the reasons for and progress in Commitment to Focus and decide whether to support it;*
- *Resolve the major gap between statewide responsibility of the State Board of Vocational Technical Education and the board's authority to fulfill that responsibility; and*
- *Consider whether realignments in the structure of post-secondary education are necessary beyond what can be accomplished through mission differentiation.*

Strategic Planning

Meeting the needs of post-secondary education starts with a vision for the future and a plan for fulfilling that vision. Good planning starts at institutions and continues through the system and state levels.

As required by statute, each public system prepares reports to the Minnesota Legislature of its short and long-range plans. The Coordinating Board submits a review and comment to accompany the system planning reports. The fourth biennial set of reports will be submitted to the 1989 Legislature.

To accommodate the effects of changing demographic and economic conditions on the future of post-secondary education, the 1988 Legislature directed the Coordinating Board to conduct a study of Minnesotans' post-secondary education needs through the end of the century. Phase I of M SPAN 2000 (Minnesota Study of Post-Secondary Education Access and Needs) is to consider the needs of residents in the corridor from St. Cloud through the Twin Cities to Rochester. The second phase, to be conducted in 1989, if funded, will consider needs of the rest of the state. The first phase is being conducted by SRI International of Menlo Park, California, under contract to the Coordinating Board. The study is to serve as the first intersystem plan mandated by the 1987 Legislature.

Four general questions have guided the design of M SPAN 2000:

- Are changes needed to assure that residents of the Twin Cities metropolitan area have access to post-secondary education, particularly four-year degree programs?
- How are changes in attitudes, values, and lifestyles affecting the demand and need for post-secondary education?
- How can post-secondary education create opportunities and services to help all students succeed in achieving their educational goals?
- How will the economy of the region affect the demand and need for post-secondary education?

The results of the study and possible Coordinating Board recommendations will be presented to the legislature in February 1989.

In 1989, the post-secondary education community and policymakers need to:

- *evaluate the systems' plans to see if they are consistent with state goals and future policy directions; and*
- *evaluate the results of Phase I of M SPAN 2000and consider whether to support Phase II in order to ensure a comprehensive review of post-secondary needs for the entire state.*

Conclusion

In Minnesota, the post-secondary community is continuing to respond to the expectations and needs of citizens; to do this successfully will require a balanced approach which:

- *retains a commitment to strengthening quality while continuing to expand access to all who can benefit from post-secondary education;*
- *supports policies that keep both prices and costs under control;*
- *ensures opportunity by removing price barriers, increases awareness of opportunities, and meets the needs of special underserved populations;*
- *provides an adequate investment to meet post-secondary needs with limited state resources;*
- *continues progress in differentiating missions through coordination and cooperation; and*
- *contributes to the economic development of the state while maintaining priority on the educational mission.*

The needs and expectations of citizens in 1989 will be addressed through discussion of the results of the M SPAN 2000 study.

The Coordinating Board will work with the post-secondary community to make the post-secondary needs of the state clear

to the legislature and others who determine how public funds are spent. At the same time, the Board will expect the post-secondary community to demonstrate that it is responding to the needs within the limits of its ability and mission.

Chapter V. Coordinating Board Agenda

The Higher Education Coordinating Board proposes to help fulfill the state's vision for post-secondary education through its 1988-91 Management Plan and through specific Board objectives.

Themes for 1988-89

The Board's Management Plan emphasizes three areas of activity:

- promote high quality post-secondary education through several projects designed to assess and reinforce that quality.
- maintain long-standing commitment to ensuring equal educational opportunity for Minnesota students.
- continue to refine work on students' financing of their post-secondary educations.

The Board is addressing these three themes in four ways:

- initiate efforts to solve problems by raising issues that no one system can address individually, by providing mechanisms that systems can use to resolve issues, forming networks among constituencies and with other sectors of society, and by policy analysis.
- re-examine continuing problems and issues by monitoring its own procedures and the impact of recommended policies.
- continue its work on various key issues and administer programs assigned to it.
- seek to obtain resources from a variety of sources to accomplish these objectives.

Objectives

The Board is pursuing the following objectives in 1988-89.

1. To enhance the effectiveness of the Board in accomplishing its mission, the Board will:

   a. seek and obtain the services of an executive director who is qualified and committed to advancing the Board's vision, ensuring that its purposes are fulfilled, working cooperatively with government and education leaders, and ensuring organizational efficiency of the agency;

   b. assess progress in responding to recommendations of the agency audit report of September 15, 1986;

   c. revise its mission statement in light of recommendations from the agency audit report of September 15, 1986, and the vision statement which was developed in response to one of those recommendations;

d. continue to clarify the criteria and process to be used in program review;

e. develop a program to make the work of the Coordinating Board more visible to the legislature and to the citizens of the state;

f. advance the Board's interests to the governor, including its interest in cultural diversity, experience, and competence among its membership; and,

g. provide leadership in responsible fiscal management, continuing to work through the Average Cost Funding Task Force to establish appropriate budget guidelines.

2. To enhance the contribution of individual members, the Board will: 41

a. complete development of a statement of principles and expectations to govern the performance of the members' and Board president's roles;

b. continue efforts to develop credible, fact-based positions on issues, which can be used by members to assure consistency of representation;

c. identify specific issues for each interested member to monitor;

d. engage interested and knowledgeable members as legislatively required on selected task forces;

e. play a strong role in the legislative process; and,

f. work with its executive director to build the Board's ability to work as a team.

3. To increase Board member knowledge, the Board will:

a. hold at least two of its meetings per year on campuses of the various systems, throughout the metropolitan area and Greater Minnesota;

b. encourage its members to be more visible and communicative with the institutions within their districts; and

c. seek professional development opportunities for Board members.

1989 Legislative Initiatives

The Higher Education Coordinating Board is proposing several significant initiatives to the governor and 1989 Legislature to strengthen access and quality.

To Achieve Greater Access to Post-Secondary Education

Financial Aid

> ***Scholarship and Grant Program***—*The Board recommends a biennial increase of $22.6 million to enhance educational opportunities for all Minnesota residents to pursue a post-secondary education in Minnesota institutions and programs that can best meet their educational needs, regardless of their economic circumstances.*

Rationale: The increased funding is needed to keep up with enrollment increases; to offset increases in tuition and fees for students with financial need; to help students keep up with rising living, book, and supply costs; to assist dislocated rural workers; and to support the following two policy proposals:

> • ***Four Years of Aid***—*The proposed Scholarship and Grant funding increase includes $3 million to implement a provision in statute that allows a student to receive the equivalent of four years of financial aid. The current practice eliminates a student from eligibility after four years of enrollment, regardless of how much aid was received previously. Funding to implement the statute is important because at least four years of full-time study typically is needed to complete an undergraduate degree, and some students become eligible for aid only after a change in their economic status.*

> • ***Five Years of Aid***—*The proposed Scholarship and Grant funding request includes $2 million to allow students to receive five years of aid in pursuing an undergraduate degree. This change is recommended because some programs take five years to complete; some four-year programs actually require more than four years; students taking remedial work need more than four years to earn a degree; and many students take more than four years when they enroll part time or transfer from one program to another.*

A major part of the financial aid request is based on a redirection of funds resulting from the implementation of a new need analysis called Congressional Methodology; it was adopted by Congress as a more equitable approach to determining student and parent contributions to the cost of post-secondary education than the current need analysis. Implementing the new need analysis alone would adversely affect many Scholarship and Grant recipients; adopting the new need analysis as part of the total package of Scholarship and Grant initiatives, however, would increase opportunities for students.

***Work-Study Program**—The Board proposes a biennial increase of $2.4 million to enhance the State Work-Study Program, which helps students meet their expected share of the cost of attendance.*

Rationale: The increased funds would cover mandated minimum wage increases, support increased participation resulting from enrollment increases, and allow the targeting of additional funding to institutions outside the metropolitan area where jobs are needed. The demand for Work-Study funds currently exceeds the supply.

Post-High School Planning Program: Information and Assessment

***Support for Students to Take ACT Test**—The Board requests an increase of $220,000 for the biennium to continue subsidizing the cost for students who take the American College Testing Program (ACT) college aptitude test and interest inventory, to support increased participation by high school juniors, and to offset possible test fee increases by ACT during the 1990-91 biennium.*

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Rationale: The availability and accessibility of a sound, up-to-date test are important to help students make informed decisions about post-secondary education and careers by understanding their abilities and interests. A new agreement with ACT begun in Fiscal Year 1989 is designed to accomplish this objective. A state subsidy makes the test affordable by keeping the price to Minnesota students below ACT's national fee.

***Information for Parents**—The Board proposes a biennial increase of $115,000 for a two-part effort to provide information to parents: (a) inform families with children about the cost of post-secondary education and encourage them to plan for that cost; (b) inform parents of eighth graders about post-secondary opportunities, planning, and ways to pay.*

Rationale: Coordinating Board staff research and national studies have documented the need to provide parents, especially those in low income and education categories, with accurate information about costs, financing, and admissions requirements. A Board survey revealed lack of accurate knowledge about costs and admission requirements. Lack of information could lead individuals to rule out further education or eliminate the most appropriate option.

***Adult Information and Assessment**—The Board recommends an increase of $200,000 for the biennium to begin providing information and assessment services for adults who may want to begin or continue post-secondary studies. The funds would support the compilation of a printed or computerized inventory of statewide public and private post-secondary education information and assessment service providers and the distribution of the directory; the funds also would support the establishment and advertisement of a neutral "800" telephone number to facilitate statewide access to information and referral services.*

Rationale: A legislatively-mandated study concluded that the most pressing needs for adults are the provision of information, assessment, and counseling services, especially neutral, easily accessible contact and referral services. The most acute need is in Greater Minnesota.

Minority Access and Success

***Minnesota Minority Education Partnership**—The Board requests an increase of $60,000 to fund the state portion of the administrative costs of the Partnership. An initial state commitment was made in 1988 with a $10,000 appropriation to the Coordinating Board.*

Rationale: The Coordinating Board strongly supports the Partnership's objective: to increase the number of Minnesota minorities who succeed in secondary and post-secondary education. The Partnership is a collaborative effort involving public and private post-secondary education institutions, school districts, local and state government, and the business community.

Assessment of State's Future Post-Secondary Education Needs

***1. Phase II of M SPAN 2000**—The Board proposes $360,000 for Phase II of a study assessing post-secondary education access and unmet needs to the year 2000. (M SPAN is Minnesota Study of Post-Secondary Education Access and Needs). The 1988 Legislature provided funding for Phase I of the study, an assessment of the needs in the corridor from St. Cloud through the Twin Cities to Rochester; the results will be presented to the 1989 Legislature.*

Rationale: A study of the state's post-secondary education needs would be incomplete without an assessment of conditions in Greater Minnesota, especially in view of changing demographic and economic factors.

To Achieve Greater Quality in Minnesota Post-Secondary Education

***Quality Assessment Pilot Projects**—The Coordinating Board requests $1 million for the biennium to fund quality assessment pilot projects and to continue the Board's role in sponsoring conferences, workshops, and disseminating information about quality assessment. The funds would support at least six pilot projects in the post-secondary systems and sectors.*

Rationale: The appropriation is needed to fulfill 1987 legislation requiring the establishment of pilot projects. The 1988 Legislature provided funds for initial planning, but not implementation of pilot sites. Quality assessment is important to provide information for campuses to use in improving teaching and learning; it also is intended to help the state know the results of its investment in post-secondary education.

State support will help encourage initial efforts by systems and institutions, develop and evaluate different approaches, and share results of the pilots with campuses.

***MINITEX**—The Board requests $668,000 for the biennium to bring the Minnesota Interlibrary Telecommunications Exchange (MINITEX) back to the level of service funded in 1985.*

Rationale: Due to limited funding, a fee was instituted in Fiscal Year 1988 for the program's reference service and periodical exchange, thus limiting access to those libraries willing and able to pay. Restoration of these services would assure equitability in service to students, faculty, and other residents in the state. Without funding increases, a further decline in the level of service provided libraries will occur; the most probable loss would be in the number of document requests filled and the timeliness in responding to requests.

***Incentive to Promote Community Service**—The Board requests $500,000 for the biennium to support a program of matching grants to Minnesota post-secondary institutions that submit proposals for campus community service projects emphasizing students performing as tutors or mentors.*

Rationale: The program would provide an incentive to institutions to promote the goal of instilling in students the value of community service, particularly in volunteer work, and to increase the numbers and training of volunteer mentors for children and youth at risk of not completing a secondary education.

To Improve the Coordinating Board's Ability to Serve the State

***Data Base Planning and Development**—The Board requests $350,000 for the biennium to support the development of a comprehensive data base to assist the Board in its planning and coordination functions.*

Rationale: Management of data on post-secondary education is one of the Board's central, ongoing functions. The Board needs an accessible, up-to-date base of information. The funds would enable the Board to continue an effort to consolidate several bases of information developed over the years.

***Communications Support**—The Board seeks $50,000 for the biennium to enhance its communications activities by funding a half-time staff person and related costs.*

Rationale: The need to communicate more information to more constituencies has increased greatly the past several years as the Board has been required to develop new programs and implement projects. Providing increased, improved information to all its constituencies is a priority of the Board.

***Auditor Position**—The Board is requesting $38,000 for the biennium to provide half the support for one additional auditor position in the Board's audit section. The other half of the funding would come from student loan funds.*

Rationale: The addition of an auditor would enable the Board to audit all Minnesota schools participating in the state student financial aid programs every three years rather than every four or five years as now occurs. Further, staff could audit non–Minnesota schools that are major participants in the Student Educational Loan Fund (SELF) program.

Other Recommendations

Support for State Finance Policies—The Coordinating Board at its October 20, 1988 meeting voted to reaffirm its support for Minnesota's integrated set of post-secondary finance policies, urge support for its biennial budget request for student financial aid, and pledge to continue evaluation of the finance policies by monitoring the work of the Average Cost Funding Task Force, reviewing analyses by its own staff, and examining the results of the M SPAN 2000 study.

Other Policy Proposals—The Coordinating Board will be making additional recommendations during the 1989 legislative session following its review of scheduled studies, such as the M SPAN 2000 project. These proposals will be transmitted to the governor and the legislature.

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